

IOWA FINANCE AUTHORITY[265]

Notice of Intended Action

Proposing rule making related to manufactured housing program fund and providing an opportunity for public comment

The Iowa Finance Authority hereby proposes to adopt new Chapter 45, “Manufactured Housing Program Fund,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is proposed under the authority provided in Iowa Code section 16.5.

State or Federal Law Implemented

This rule making implements, in whole or in part, 2018 Iowa Acts, House File 2480, section 1.

Purpose and Summary

This rule making adopts a new chapter of rules to implement the Manufactured Housing Program Fund, as required by 2018 Iowa Acts, House File 2480, section 1.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Authority for a waiver of the discretionary provisions, if any.

Public Comment

Any interested person may submit written or oral comments concerning this proposed rule making. Written or oral comments in response to this rule making must be received by the Authority no later than 4:30 p.m. on September 18, 2018. Comments should be directed to:

Mark Thompson
Iowa Finance Authority
2015 Grand Avenue
Des Moines, Iowa 50312
Phone: 515.725.4937
Email: mark.thompson@iowa.gov

Public Hearing

No public hearing is scheduled at this time. As provided in Iowa Code section 17A.4(1)“b,” an oral presentation regarding this rule making may be demanded by 25 interested persons, a governmental subdivision, the Administrative Rules Review Committee, an agency, or an association having 25 or more members.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rule-making action is proposed:

Adopt the following **new** 265—Chapter 45:

CHAPTER 45
MANUFACTURED HOUSING
PROGRAM FUND

265—45.1(87GA, HF2480) Purpose. The purpose of these rules is to allow the authority to allocate funds to financial institutions or other lenders to finance the purchase by individuals of manufactured homes that are in compliance with all laws, rules, and standards that are applicable to manufactured homes. The fund is designed exclusively for manufactured homes sited on leased land located in the state of Iowa.

265—45.2(87GA, HF2480) Definitions.

“*Authority*” means the Iowa finance authority.

“*Borrower*” means one or more individual(s) borrowing or seeking to borrow money for the purchase of a manufactured home.

“*Financial institution*” means a financial institution as defined in Iowa Code section 12C.1 that has been approved as a depository of public funds pursuant to Iowa Code section 12C.2.

“*Fund*” means the manufactured housing program fund created pursuant to 2018 Iowa Acts, House File 2480, section 1.

“*Lender*” means a lender as defined in Iowa Code section 537.1301 that is licensed by the banking division of the department of commerce and that has been approved as a depository of public funds pursuant to Iowa Code section 12C.2.

“*Loan*” means a loan from a financial institution or other lender to a borrower.

“*Manufactured home*” or “*manufactured housing*” means the same as defined in Iowa Code section 435.1.

“*Program*” means the manufactured housing program.

“*Revolving funds*” means the funds created by Iowa Code sections 16.46 through 16.49.

265—45.3(87GA, HF2480) Sources of funds.

45.3(1) Authorized transfers. In addition to any moneys that may be appropriated to the fund, the authority is authorized by 2018 Iowa Acts, House File 2480, section 1, to transfer for deposit into the fund for any fiscal year any unencumbered and unobligated moneys in the revolving funds from the prior fiscal year. However, the maximum amount of moneys that may be so transferred for any fiscal year may not exceed the lesser of \$1,000,000 or an amount equal to the total amount of any unencumbered and unobligated moneys in the revolving funds available for transfer from the previous fiscal year reduced by \$1,000,000.

45.3(2) Recapture and repayments—nonreversion. Pursuant to 2018 Iowa Acts, House File 2480, section 1, recapture of awards and other repayments to the fund shall be deposited into the fund and are appropriated to the authority to be used for the program. Notwithstanding Iowa Code section 8.33, unencumbered or unobligated moneys remaining in the fund on June 30 of any fiscal year shall not revert to any other fund but shall be available for expenditure in subsequent years. However, any unencumbered or unobligated moneys remaining in the fund on June 30 of any fiscal year that were transferred to the fund as described in subrule 45.3(1) shall revert to the revolving fund from which the transfer was made.

Notwithstanding Iowa Code section 12C.7(2), interest or earnings on moneys in the fund or appropriated to the fund shall be credited to the fund.

265—45.4(87GA, HF2480) Program overview. The program is established as a means of facilitating affordable financing for the purchase of eligible manufactured homes to be sited on leased land located in the state of Iowa. By providing capital at a low interest rate in the form of linked deposits to financial institutions and other lenders, the program is intended to enable financial institutions and other lenders, in turn, to offer lower interest rate loans to borrowers. The authority's role is strictly that of a depositor, not a lender, loan guarantor, or loan participant.

265—45.5(87GA, HF2480) Eligible loans. To be eligible for a linked deposit under the program, a loan shall meet all of the following requirements:

1. The loan must be for the purchase—not refinancing—of a manufactured home as the borrower's primary residence;
2. The manufactured home must be sited on leased land located in the state of Iowa;
3. The term of the loan shall not exceed 30 years;
4. The loan shall be fully amortized;
5. The terms of the loan shall contain no prepayment penalties;
6. The interest rate payable on the loan shall not exceed 9 percent per annum;
7. Fees pursuant to the loan charged by the financial institution or other lender to cover its costs of originating the loan (origination fees, closing fees, etc.) shall, in the aggregate, not exceed 1 percent of the principal loan amount;
8. Closing agent/settlement fees paid to third-party closers, if any, shall not exceed \$500;
9. Customary and reasonable closing costs shall be allowed; and
10. The financial institution or other lender shall comply with all applicable fair lending laws and regulations.

265—45.6(87GA, HF2480) Linked deposits.

45.6(1) Linked deposits shall be made pursuant to a lender participation agreement to be created by the authority.

45.6(2) The process to create a linked deposit shall be as follows:

a. Once a financial institution or other lender has received a completed loan application from a borrower, the financial institution or other lender shall notify the authority via a linked deposit reservation request. The reservation request shall be on a form, which is created and may be periodically updated by the authority, and which may be in a paper format or an online web-based format at the authority's discretion. The authority shall review the reservation request; if the reservation request is approved, the authority shall tentatively reserve an amount in or available to the fund for up to 60 days for a linked deposit for the loan that was the subject of the request. No reservation shall be made if the requested loan amount exceeds the amount(s) in and available to the fund. The reservation shall be terminated if the loan does not close within the 60-day period. If the reservation request is not approved, the authority shall notify the financial institution or other lender and state the reason why the request was not approved.

b. The financial institution or other lender shall review the borrower's loan application, applying ordinary manufactured housing lending underwriting criteria. If the loan application is approved by the financial institution or other lender, the financial institution or other lender shall submit a request to the authority for a linked deposit. The request shall be on a form, which is created and may be periodically updated by the authority, and which may be in a paper format or an online web-based format at the authority's discretion.

c. Upon receipt of a linked deposit request, the authority shall review the information provided and make a determination as to whether the loan is eligible under the program's criteria. If necessary, the authority may request additional information. If the loan is determined to be eligible, the authority shall, if necessary to make the linked deposit, transfer moneys from one or more of the revolving funds, at the authority's discretion, into the fund to ensure there is a sufficient amount available in the fund to make

the linked deposit. The authority shall then deposit with the financial institution or lender an amount equal to the principal amount of the loan via automated clearing house (ACH) money transfer. The linked deposit shall not be security for the loan nor shall it be a loan guarantee. The financial institution or lender shall bear all financial risk for the loan. If the loan is determined ineligible, the authority shall notify the financial institution or other lender and state the reason why the request was not approved.

d. The authority shall receive monthly bank statements for the linked deposit account.

e. The moneys in the linked deposit account shall remain in the account for the duration of the loan. Annually, as of June 30, the financial institution or other lender shall notify the authority of the amount of principal that has been repaid on the loan during the previous 12 months. The authority shall then withdraw from the linked deposit account an amount equal to the principal that was repaid on the loan during the previous year so that the amount of the linked deposit equals the outstanding principal balance of the loan.

f. If a financial institution or other lender has more than one loan in the program, the linked deposits for those loans may be maintained in a single account.

g. The linked deposit for a loan shall be withdrawn in full if the loan is paid off, if the manufactured home purchased with the loan proceeds is destroyed, or if the borrower defaults on the loan.

h. The linked deposit account shall bear interest at a rate of not less than 1 percent per annum.

265—45.7(87GA, HF2480) Limits on linked deposits. In any state of Iowa fiscal year, the authority shall not deposit more than 50 percent of the moneys in or available to the fund with any one financial institution or other lender pursuant to the program; provided, however, that after the first six months of such fiscal year, any participating financial institution or other lender may request linked deposits of moneys remaining in or available to the fund, regardless of any amounts previously deposited with such financial institution or other lender.

265—45.8(87GA, HF2480) Availability of moneys for linked deposits. The obligation of the authority to deposit funds into a linked deposit account shall be subject to the availability of moneys either in the fund or transferrable to the fund from the sources set forth in 2018 Iowa Acts, House File 2480, section 1, under the limitations set forth in that section. The authority shall maintain a running total of the unreserved amounts in and available to the fund on the authority's website.

These rules are intended to implement 2018 Iowa Acts, House File 2480, section 1.